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## GAITWIN EXPLORATIONS LIMITED

Suite 906 - 11 Adelaide Street West  
TORONTO, ONTARIO*Annual Report of the Directors to the Shareholders*

Your Directors submit herewith the Financial Statement of the Company's affairs at December 31st, 1961, consisting of balance sheet at that date with statements of profit and loss, deficit, administration and general expenditure for the year and the auditors' report to the shareholders.

In the Annual Report of the Directors to the Shareholders dated July 4th, 1961 reference was made to an agreement dated June 30th, 1961 between the Company and Barnat Mines Ltd. which provided for the transfer by your Company of mining claims held in Beauchastel Township in the Province of Quebec to a new Company which was incorporated under the name of Macwin Mines Limited, for a consideration of \$37,500. and 375,000 fully paid and non-assessable shares of Macwin Mines Limited which are held in escrow by the Chartered Trust Company, 34 King Street West, Toronto, Ontario. This transaction was completed in the year 1961.

In August of last year an industrial project, known as Bruce Brick & Tile Co., was brought to the attention of the Company. This was a small, old-fashioned brick plant and a deposit of buff burning clay sufficiently large to supply a modern brick and tile plant for over fifty years, in the opinion of R. Bruce Graham, Ph.D., P.Eng., Consulting Geologist. After careful investigation by the Directors, it was considered that with a modern plant on the property a profitable asset to the Company was likely to develop. The property was purchased for a sum of Forty-one thousand dollars (\$41,000) and three hundred and eighty-five thousand (385,000) fully paid and non-assessable shares to be allotted and issued from the treasury of the Company. The sum of \$41,000 has been paid and the shares have not been allotted and issued.

The Bruce Brick & Tile Company is located in the Township of Culross, County of Bruce, Walkerton area of Western Ontario. The property consists of the old brick and tile plant and 280 acres of farm land of which 97 acres are underlain by a brick and tile clay which burns to an attractive buff colour. A modern plant is being erected on the property to produce a specialty buff housing brick. In addition it is proposed to produce field drain tiles for which there appears to be a good market in the general area.

A modern three kiln plant has been commenced which will cost approximately \$192,000.00. Up to May 31st of this year the Company has expended \$80,753.85 on new plant and equipment. Application has been made to the Industrial Development Bank for a loan of \$111,000. to complete the new plant, which will be secured by a mortgage on the brick and tile plant, equipment and clay deposits. Working capital is to be provided by an underwriting of the remaining 314,997 shares in the treasury which will net the Company \$34,374.63. It is contemplated that the Company will proceed with the extension of an additional three kilns during the next two years and that it will be necessary to borrow an additional sum of \$139,000. from the Industrial Development Bank for this purpose.

During the preparation of the site for the new plant a large deposit of sand and gravel was opened up. The sand is of a superior grade, sufficiently free of impurities, permitting its use in the manufacture of cement blocks. The gravel is presently a source of supply for local road building.

Respectfully submitted on behalf of the Board of Directors.

J. A. SEED, President.

R. J. ANDERSON, Secretary.

Toronto, Ontario,  
August 2nd, 1962.

# GAITWIN EXPLORATIONS LIMITED

## *Balance Sheet as at December 31, 1961*

### ASSETS

Cash in banks .....		\$ 1,052.80
Amount due re sale of mining claims (note 1) .....		50,000.00
Marketable securities — at cost less amounts written off (market value \$960.00) .....		864.00
Accounts receivable .....		393.23
Inventory of brick and tile — at cost .....		2,925.68
Prepaid expenses .....		805.05
<b>TOTAL CURRENT ASSETS .....</b>		<b>\$ 56,040.76</b>
Fixed assets at brick and tile property — at cost (note 2)		
Properties .....	\$59,500.00	
Buildings .....	11,000.00	
Plant under construction .....	65,449.23	
Equipment and vehicles .....	22,000.85	157,950.08
Investments in capital stock of mining companies — at cost less amounts written off (note 4) .....		3,751.00
		<u>\$217,741.84</u>

### LIABILITIES

Bank overdraft — secured .....		\$ 6,776.15
Bank loan — secured .....		20,000.00
Accounts payable .....		15,977.62
<b>TOTAL CURRENT LIABILITIES .....</b>		<b>\$ 42,753.77</b>
Capital stock:		
Authorized: 4,000,000 shares of \$1.00 each .....	\$ 4,000,000.00	
Issued or to be issued and fully paid:		
3,685,003 shares (see note 3) .....	\$ 3,685,003.00	
Less: Discount .....	2,592,714.83	
	\$ 1,092,288.17	
Deficit .....	917,300.10	174,988.07
		<u>\$217,741.84</u>

- NOTES: (1) The balance due re the sale of the Mystery Lake claims is to be received as to \$25,000.00 on or before March 15, 1962, and \$25,000.00 on or before March 15, 1963. This account has been assigned as security for a bank loan.
- (2) Under terms of an agreement dated August 18, 1961, the Company acquired the property, plant and equipment of Bruce Brick & Tile Co. for a consideration of \$41,000.00 cash and the issue of 385,000 escrowed shares of the Company's capital stock, which shares were valued by the directors at 10 cents per share. Subsequent additions to equipment and a new plant under construction amounted to \$78,450.08 as at December 31, 1961.
- (3) The 385,000 shares of the Company's capital stock referred to in note (2) are included in the total of 3,685,003 shares shown as issued or to be issued and the value assigned to these shares (\$38,500.00) is included as part of the cost of the assets acquired under the agreement referred to in note (2). These shares have not been allotted and issued.
- (4) Pursuant to an agreement dated June 30, 1961, the Company sold its Beauchastel Township claims for \$37,500.00 cash and 375,000 escrowed shares of Macwin Mines Limited. The directors of the Company valued these shares at one cent per share.

Approved on behalf of the Board:

W. W. DENNIS, Director.

J. A. SEED, Director.



# GAITWIN EXPLORATIONS LIMITED

## *Statement of Deficit*

FOR THE YEAR ENDED DECEMBER 31, 1961

Balance, December 31, 1960 .....				\$673,851.58
<i>Add:</i> Amounts written off on sale of Beauchastel claims:				
Acquisition costs .....	\$ 24,300.00			
Exploration expenditure .....	149,128.66			
				<u>\$173,428.66</u>
<i>Less:</i> Proceeds of sale (note 4)				
Cash .....	\$37,500.00			
Capital stock .....	3,750.00	41,250.00	132,178.66	
				<u>94,053.60</u>
Deferred administration and general expenditure at December 31, 1960 written off .....				2,415.65
Amounts written off investments in other mining ventures .....				<u>\$902,499.49</u>
<i>Add:</i>				
Administration and general expenditure for the year .....	\$ 11,724.77			
Operating loss — Bruce Brick & Tile Co. ....	1,794.59			
Prospecting expenses .....	781.25			
Expenses re abandoned project .....	500.00		14,800.61	
				<u>\$917,300.10</u>
Balance, December 31, 1961 .....				<u><u>\$917,300.10</u></u>

### AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Gaitwin Explorations Limited as at December 31, 1961, and the statements of profit and loss, deficit and administration and general expenditure for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

We report that, in our opinion, the above balance sheet and attached statements of profit and loss, deficit and administration and general expenditure present fairly the financial position of the Company as at December 31, 1961, and the results of its operations for the year ended on that date.

TORONTO, Canada,  
April 14, 1962.

NEFF, ROBERTSON & STONE,  
Chartered Accountants.

# GAITWIN EXPLORATIONS LIMITED

## *Administration and General Expenditure*

FOR THE YEAR ENDED DECEMBER 31, 1961

Rent and services .....	\$ 6,000.00
Transfer agency fees .....	1,639.38
Salary .....	1,200.00
Legal and audit fees .....	3,398.81
Printing and stationery .....	427.35
Government fees and taxes .....	69.18
General expense .....	43.56
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	\$ 12,778.28
Less: Interest earned .....	1,053.51
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	<u>\$ 11,724.77</u>

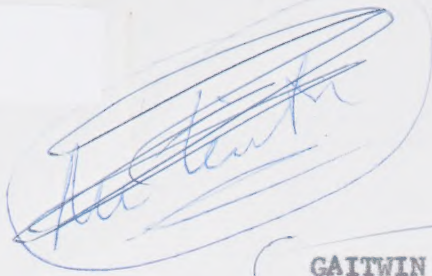
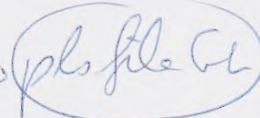
## BRUCE BRICK & TILE CO.

### *Statement of Profit and Loss*

FOR THE PERIOD FROM AUGUST 18, 1961 TO DECEMBER 31, 1961

Sales .....		\$ 3,858.81
Cost of sales:		
Inventory, August 18, 1961 .....	\$ 2,149.82	
Wages .....	2,833.20	
Fuel .....	917.34	
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	\$ 5,900.36	
Less: Inventory, December 31, 1961 .....	2,925.68	2,974.68
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GROSS PROFIT .....		\$ 884.13
Expenses:		
Salary .....	\$ 933.33	
Truck expense .....	799.39	
Property exploration .....	423.76	
Taxes .....	131.82	
Insurance and compensation .....	173.72	
Travel .....	182.78	
Advertising .....	94.47	
Office expense .....	81.95	
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	\$ 2,821.22	
Less: Rental income .....	142.50	2,678.72
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NET LOSS FOR THE PERIOD .....		<u>\$ 1,794.59</u>



GAITWIN EXPLORATIONS LIMITED

PRESS RELEASE - November 6, 1962

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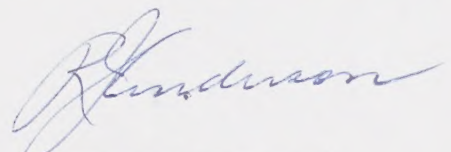
Gaitwin Explorations Limited has obtained new financing to complete a ~~modern~~ 3 kiln brick and tile plant located near Walkerton, Ontario.

Financing has been arranged by a loan of \$111,000., and an underwriting by John Frame & Company of 314,997 shares of the Company's capital stock to net the treasury an additional \$34,374.63.

The new plant will produce both a high quality, attractive, buff colour Roman brick and field drain tile of various sizes.

The Company's clay deposit consists of a high quality clay of sufficient quantity to supply the plant for at least 50 years.

GAITWIN EXPLORATIONS LIMITED

  
Secretary-Treasurer

Nov 2 1965